# **Audit and Risk Committee: terms of reference and membership**

## Authority

* 1. The Committee is authorised by the Board of Governors to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee and all employees are directed to co-operate with any request made by the Committee.
	2. The Committee is authorised by the Board of Governors to obtain outside legal advice or other independent professional advice and to secure the attendance of outsiders with relevant experience and expertise if it considers this necessary, normally in consultation with the Vice Chancellor and/or the Chair of the Board of Governors. However, it may not incur direct expenditure in this respect in excess of £20,000 without the prior approval of the Board of Governors.

## Terms of Reference

* 1. The duties of the Committee shall be:

**Internal and External Audit**

* + 1. To advise the Board of Governors on the appointment of the external auditors, the audit fee, the provision of any non-audit services by the external auditors and any questions of resignation or dismissal of the external auditors.
		2. To discuss if necessary with the external auditors, at any time, the nature and scope of the audit.
		3. To discuss with the external auditors issues arising from the interim and final audits, including a review of the management letter, incorporating management responses, and any other matters the external auditors may wish to discuss (in the absence of management where necessary).
		4. To consider and advise the Board of Governors on the appointment and terms of engagement of the internal audit service (and the head of internal audit if applicable), the audit fee, the provision of any non-audit services by the internal auditors and any questions of resignation or dismissal of the internal auditors.
		5. To review the internal auditors' risk assessment strategy and programme; to consider major findings of internal audit investigations and management’s response; and promote co-ordination between the internal and external auditors. The Committee will satisfy itself that the resources made available for internal audit are sufficient to meet the institution’s needs (or make a recommendation to the Board of Governors as appropriate).
		6. To monitor annually the performance and effectiveness of external and internal auditors, including any matters affecting their objectivity, and to make recommendations to the Board of Governors concerning their reappointment where appropriate.
		7. To consider the annual financial statements in the presence of the external auditors, including the auditors’ formal opinion, the statement of members’ responsibilities and the statement of internal control, in accordance with the OfS’ Accounts Directions. To recommend the Financial Statements for approval to the Board of Governors.
		8. In the event of the merger or dissolution of the University, to ensure that the necessary actions are completed, including arranging for a final set of financial statements to be completed and signed.

**Risk Management**

* + 1. To keep under review the effectiveness of the risk management, control and governance arrangements, and in particular to review the external auditors’ management letter, the internal auditors’ annual report and management responses.
		2. As part of the Committee’s oversight of risk management and internal control, to keep under review the effectiveness of management strategies, policies and plans to ensure statutory and regulatory compliance (including, but not limited to, compliance with health and safety legislation).
		3. To ensure that all significant losses have been properly investigated and that the internal and external auditors and where appropriate the OfS Accounting Officer, have been informed.
		4. To oversee the University’s policy on fraud and irregularity including being notified of any action taken under that policy.
		5. Horizon scanning for emerging risks (new and emerging risks) and reporting to the Board of Governors.
		6. Review the University’s capability to identify and manage new risk types.
		7. Receive presentations on the University’s significant strategic risks and their management
		8. to satisfy itself that the University has an effective framework to manage the quality of learning, teaching and research and to maintain academic standards (via receipt of the annual report on Academic Quality and Standards).

**Other duties**

* + 1. To monitor the implementation of agreed audit-based recommendations, from whatever source.This includes oversight of the implementation of the approved Office for Students Improvement Plan and ensuring institutional compliance with Specific Ongoing Condition B3A.
		2. To satisfy itself that suitable arrangements are in place to ensure the stability of the institution and to promote economy, efficiency and effectiveness. This may include consideration of arrangements that:
1. Challenge and question the risk culture and behaviour that is prevalent within the institution;
2. Ensure the effective management of conflicts of interest.
	* 1. To receive any relevant reports from the National Audit Office, the OfS and other organisations.
		2. To review and pre-approve all non-audit services which may be performed by the University's external auditors.

## Membership

* 1. The membership of the Committee shall be:
		1. at least two and up to five Independent Governors, preferably with relevant technical backgrounds and/or significant experience of corporate management;
		2. up to two co-opted members, who are not members of the Board of Governors, with relevant backgrounds and/ or experience;
		3. One Student representative to be appointed by the Student’s Union Executive committee[[1]](#endnote-1);
		4. One Staff Governor, to serve ex officio
		5. At least one member should have recent relevant experience in finance, accounting or auditing.
	2. No member of the Audit Committee may simultaneously be a member of the Finance and Resources Committee. The Chair of the Board of Governors may not be a member of the Audit Committee.
	3. Members should not have significant interests in the University.

# **Mode of Operation**

* 1. The Chair of the Committee shall be appointed from amongst its members by the Board of Governors. Co-opted, Student and Staff members are not eligible to be appointed Chair.
	2. The quorum for the Committee shall be three members, at least two of whom must be Independent Governors.
	3. The Chief Operating Officer, a representative of the internal auditors, and a representative of the external auditors shall normally attend meetings where business relevant to them is to be discussed. However, at least once a year, the Committee should meet with the external and internal auditors without any officers present.
	4. Meetings shall normally be held four times each financial year. The external auditors or internal auditors may request a meeting if they consider it necessary.
	5. The minutes of meetings of the Audit Committee will be circulated to all members of the Board of Governors.
	6. The Committee will prepare an annual report covering the institution’s financial year and any significant issues up to the date of preparing the report. The report will be addressed to the Board of Governors and the Vice Chancellor, and will summarise the activity for the year. It will give the Committee’s opinion of the adequacy and effectiveness of the University’s arrangements for the following:
		1. Risk management, control and governance (the risk management element includes the accuracy of the statement of internal control included with the annual statement of accounts).
		2. The effectiveness of management strategies, policies and plans to ensure statutory and regulatory compliance.
		3. Economy, efficiency and effectiveness (value for money).
		4. Management control and quality assurance of data provided to the OfS, HESA, and other public bodies.
	7. The opinion should be based on the information presented to the Committee. The Audit Committee Annual Report should normally be submitted to the Board of Governors before the members’ responsibility statement in the annual financial statements is signed.
	8. The University Secretary or their nominee will be the clerk to the Audit Committee.

## Current membership (as at October 2023)

Andrea Stark Independent Governor

Baron Anyangwe Independent Governor

Valerie Leipheimer Independent Governor

Usman Khan Independent Governor (Chair)

Vacancy Independent Governor

Allan Boardman Independent Co-opted member

Tracey Rob Perera Independent Co-opted Member

Awesome Olasope Student Representative

Rosie Benson Staff Governor

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| **Version control information:**Last reviewed by Committee: Sept 2023Next review due: Sept 2024Approved byBoard of Governors: **Sept 2023** |

1. Student members serve a one-year term subject to re-appointment by the Students’ Union. [↑](#endnote-ref-1)